

SCM-Orientation Course

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- Acquisition is an important part of the foreign military sales process. When a partner nation or international organization identifies a need for a military-related item or service, and chooses to obtain it from the U.S. government, the U.S. government can either acquire it directly from DoD resources or purchase it from industry and deliver to the foreign customer.
- They can either acquire it directly from DoD resources, or the U.S. government can either acquire it directly from DoD resources or purchase it from industry and deliver to the foreign customer.

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- Acquisition for foreign military sales purchasers will be in accordance with U.S. and DoD regulations and procedures.
- This affords the purchaser the same benefits and protection that apply to DoD procurement and is one of the principal reasons why foreign governments and international organizations prefer to procure via foreign military sales channels. Before we dive into the details related to acquisition, we'll take a look at the key governing documents that drive it.

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- The Arms Export Control Act permits the DoD to support foreign military sales requirements from either existing stocks or from procurement.

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- The Federal Acquisition Regulation is the primary document governing contracting actions undertaken by the U.S. government.

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- The Defense Federal Acquisition Regulation Supplement governs procurement of defense articles by the DoD with the same acquisition rules used for foreign military sales and DoD domestic requirements.

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- When a foreign military sales customer accepts a letter of offer and acceptance, that customer enters a government-to-government agreement to purchase military items or services from the U.S. government. With regard to the letter of offer and acceptance, the foreign military sales customer is the buyer and the U.S. government is the seller.

- In a situation where the U.S. government contracts with industry to acquire items or services for delivery to the customer via a procurement contract, the U.S. government becomes the buyer and the industry vendor becomes the seller. The FMS customer is not a legal participant in the procurement contract with industry because the U.S. government is acting on the customer's behalf.
- The vendor is under contract, is directly obligated to the U.S. government, has no direct contractual relationship with the foreign customer, and is not exporting their products. For all intents and purposes, the vendor is selling to the U.S. government. Consequently, the U.S. government is exporting the products under the authority of the letter of offer and acceptance.
- Once the letter of offer and acceptance is accepted, the U.S. government should be able to independently take all the necessary procurement actions that will result in the contractor producing and delivering a product that satisfies the foreign customer's requirement.

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- Take a minute to review some of the key points of the buyer and seller relationship in a foreign military sales case.

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- There are key people within the U.S. government who are responsible for translating the letter of offer and acceptance requirements into a contract.

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- Case managers are the individuals who interface with the international purchaser in order to write, implement, manage, and close a letter of offer and acceptance. Case management work centers on the letter of offer and acceptance.

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- The DoD has established a management structure that places system managers, also referred to as program managers, in charge of managing major weapon systems. Item managers are in charge of managing inventories of spare and repair parts, also known as secondary items, used to support a major weapon system. The system manager and item manager do not have the authority to contract. As a result, the funded purchase request must be forwarded to a warranted contracting officer for action.
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- Contracting officers are DoD individuals who have been granted the specific authority to contractually obligate the U.S. government in procurement contracts. Only the specific DoD individuals possessing this authority are legally empowered to award contracts.

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- Now that you have reviewed the roles of key players in procurement, before we continue, what do you think is the best answer in this situation?

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- Now that we understand the policy and key roles related to acquisition, let's discuss the process, starting with the different types of procurement methods. There are essentially two procurement options available to the DoD: competitive and non-competitive.

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- Whether by competition or by sole source, a contract award is just the beginning.
- Administrative contracting officers normally have a specific geographical orientation whereby they administer all DoD contracts within a given geographical area, regardless of the service that awarded them.

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- In addition to meeting the military requirement, the purchasing government may want to leverage large defense expenditures as an opportunity to obtain other socioeconomic benefits for the purchasing country.
- This practice of demanding additional benefits beyond the primary items being purchased is called an offset. The term offset implies that the package of additional benefits will help balance the outflow of national funds.
- Offsets are permissible under the foreign military sales process. The offset agreement itself is between the purchasing country and the U.S. contractor. The U.S. government is not a party to the agreement and does not retain any obligation to enforce the contractor's performance of the agreement. This may seem like, and in fact is, an odd arrangement.
- In an ideal world, the U.S. government would prefer offset agreements did not exist. However, the reality of the marketplace is that other non-U.S. entities are competing for international business and are willing to provide offset packages to prospective purchasers.
- As you may recall, it is DoD's preference that when a friend or ally has a defense requirement, that requirement is filled with a U.S.-origin system. So, in this environment, U.S. firms basically have to agree to provide offset arrangements so U.S. systems are competitive in the world market.

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- DoD has a standard defense acquisition management framework to develop, produce, and sustain weapon systems.
- This life cycle process consists of five phases. DoD will use the established defense acquisition system framework to obtain a new system capability.
- U.S. military requirements progress through these phases from the initial identification of a military materiel need until system disposal.
- Typically, the U.S. will not agree to sell systems through the foreign military sales process until the system receives a favorable full rate production decision.

- During the period from the materiel development decision through the full rate production decision, the interaction is broadly referred to as international armaments cooperation and is conducted by means of international agreements.

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- International Armaments Cooperation, or IAC, covers a multi-faceted area in which the U.S. cooperates with other countries and international organizations to research, develop, acquire and sustain military systems. The U.S. may work with friends and allies across the entire system acquisition life cycle.
- IAC is generally conducted with nations that have solid political and economic ties with the U.S., similar military requirements, and a reasonably robust defense science and technology base. There are operational, economic, technical, political and industrial objectives of International Armaments Cooperation.
- There are seven individual programs that comprise the overarching term IAC. These are the Information Exchange Program, Engineer and Scientist Exchange Program, Foreign Comparative Testing, Cooperative Research, Development, and Acquisition, Defense Trade, Cooperative Logistics, and the Test and Evaluation Program.

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- This module provided an introduction to the acquisition policy and process. Since there's a lot to retain, we've created a continuity book that summarizes key terms, organizations, and policies that you can download before you exit.